

Center for Digital Democracy
2120 L Street, NW, Suite 200
Washington, DC 20027

July 9, 2003

Filed Electronically

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: Notice of Ex-Parte conversation related to Proposed Transfer of
Authority of GM/Hughes to News Corp. MB Docket 03-124.

Dear Ms. Dortch:

On July 9, 2003, I had a brief telephone conversation with Joel Rabinovitz, an attorney in the General Counsel's office working on the merger transaction team.

I urged the Commission to expand its inquiry in the News Corp. deal beyond what it just asked for on 7/8/03. Specifically, questions should be raised about the overall business relationships that will be conducted between News Corp. and Liberty Media. The Commission's question on Liberty missed the key issue. What must be learned is how Liberty and News Corp. will work together (both in terms of DirecTV/Hughes and other Fox-related matters). As the FCC knows from our Petition, Liberty has made an additional major investment in News Corp to help advance its Hughes purchase. Joint or related programming ventures or special treatment for Liberty associated ventures much be identified and vetted prior to any decision of this proposed transaction. Given Liberty's recent control over

QVC (and any subsequent purchases in the Vivendi auction), it is essential for the Commission to obtain this information. Preferential treatment for Liberty programming or services, for example, might harm competition and diversity. We also underscored the emphasis in our Petition to Deny on the control over interactive television technologies that both News Corp. and Liberty currently have. The FCC should specifically request information about how News Corp. and Liberty will address this interactive TV market, including the utilization of technologies and services currently under their control. This too was missed by the recent information request.

Finally, we addressed what we believe is the failure of the FCC yesterday to specifically ask the parties how such a transaction will offer meaningful competition to cable TV, including on monthly subscriber rates.

Sincerely,

Jeffrey A. Chester
Executive Director
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